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SECTION 903: GLOSSARY

ACCOUNTS RECEIVABLE. Amounts owing on open account from individuals, firms, corporations, or governmental agencies for cash advances chargeable against appropriations or for goods and services provided by a State agency. It does not include items properly classified as "taxes receivable", "due from other funds", or "due from other governmental units".

ACCRUAL BASIS. The basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the period in which the revenue is collected or the liability is paid.

ACCUMULATED DEPRECIATION. The cumulative amount of systematic and rational allocations of cost of fixed assets over a specified period, such allocations representing the expiration in the service life of those assets due to wear and tear, lapse of time, obsolescence, or other physical or functional causes.

ACTIVITY. A specific category of work performed for the purpose of contributing to the accomplishment of a broader function for which an organization is responsible. See FUNCTION.

ALLOTMENT. A division of an appropriation which may be encumbered or expended during a certain period for the specific purpose of the related appropriation.

ALLOTMENT ADVICE. A document by which approved allotments are entered into the accounting records. It also refers to the document used to allot undistributed appropriations or capital improvement project appropriations. See REQUEST FOR ALLOTMENT AND ALLOTMENT ADVICE.

ALLOTMENT LEDGER. A subsidiary ledger in which are entered all transactions relating to allotments; it shows the amounts allotted, encumbered, and expended, and it reflects the unencumbered balance of the allotment at any point in time.

ALLOTMENT REQUEST. See REQUEST FOR ALLOTMENT AND ALLOTMENT ADVICE.

AMORTIZATION. The gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts, as in the redemption of bonds issued.

APPROPRIATED RECEIPTS. Receipts that are identified with and dedicated by law to a specific purpose. Appropriated receipts are automatically appropriated when received for those identified purposes.

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SECTION 903: GLOSSARY (cont'd.)

APPROPRIATION. An authorization granted by the State Legislature to make expenditures and to incur obligations, generally within limitations as to purpose, amount, and time.

APPROPRIATION ACCOUNT CODE. An integral part of the Uniform Accounting Code that is used to designate appropriations established by the State Legislature and other State funds accounted for as appropriations.

APPROPRIATION LEDGER. A subsidiary ledger in which are entered all transactions relating to appropriation accounts. A separate subsidiary account is maintained for each appropriation reflecting the beginning appropriation amount, transfers and other adjustments, allotment amounts, and the unallotted balance of the appropriation.

APPROPRIATION TRANSFERS. See REQUEST FOR TRANSFER OF APPROPRIATIONS.

APPROPRIATION WARRANT. A document issued by the Comptroller and used to record the amounts appropriated in the accounting records.

ASSETS. Owned property with monetary value, including money and intangible property.

AUDITED CLAIMS PAYABLE. Amounts owed to creditors on vouchered claims which have been approved for payment, but for which warrants have not been issued.

BALANCE SHEET. A statement that discloses the assets, liabilities, reserves, and equities of an accounting entity at a specified date, properly classified to reflect financial position at that date.

BETTERMENT. An addition made to, or a change made in, a fixed asset which is expected to prolong its life or to increase its efficiency over and above that arising from maintenance and the cost of which is therefore added to the carrying value of the asset.

BOND. A written promise to pay a specified sum of money at a specified date or dates in the future, called maturity date(s), together with periodic interest at a specified rate.

BOND FUND. A self-balancing group of accounts used to account for the proceeds of bond issues.

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SECTION 903: GLOSSARY (cont'd.)

BOOKS OF ORIGINAL ENTRY. Records in which financial transactions are formally recorded for the first time, such as a Register of Receipts, a Register of Audited Claims, or a Register of Cash Disbursements.

BUDGET. A plan of financial operation in which are incorporated the estimate of proposed expenditures for a given period and the proposed means of financing them.

BUDGET DOCUMENT. The instruments used by the budget-making authority (the Governor, through the Departments of Budget and Finance, and Planning and Economic Development) to present a comprehensive financial program to the appropriating body (the State Legislature).

BUDGETARY ACCOUNTS. Those accounts reflecting anticipated operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts. See PROPRIETARY ACCOUNTS.

BUILDINGS OR OTHER STRUCTURES. Real Property other than land and land improvements. This general heading includes, among other things, structurally attached equipment such as plumbing, electrical circuitry, vaults, elevators, and built-in air conditioning systems.

CALLABLE BOND. A type of bond that permits the issuer to pay the obligation prior to the stated maturity date by giving notice of redemption in a manner specified in the bond contract.

CAPITAL IMPROVEMENT PROJECT APPROPRIATION. Any appropriation established under a capital improvements act of the State Legislature, generally for capital outlay.

CAPITAL OUTLAY. A classification of expenditures for the acquisition of or addition to fixed assets.

CARRYING VALUE. The amount at which a fixed asset is recorded in the accounting records, generally determined by the manner in which the fixed asset was acquired.

CASH. Coins, currency, and cash items such as checks, postal money orders, and letters of credit.

CASH BASIS. The basis of accounting under which income is recorded only as it is collected, even though it may have been earned in another period, and expenses are recorded only as expenditures are made, regardless of the period in which the expenses were incurred.

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SECTION 903: GLOSSARY (cont'd.)

CHARACTER. An expenditure classification used to group expenditures on the basis of the time periods they are presumed to benefit, such as current operating expenditures, capital outlay, and non-operating expenditures.

CLEARING ACCOUNT. An account used to record transactions of a temporary or indeterminate nature for future distribution to other accounts.

CODE. A system of symbols, generally numeric or alphabetic, used to classify and organize financial data in the accounting process.

COMPTROLLER, STATE. The General Accountant of the State of Hawaii, who is also head of the Department of Accounting and General Services.

CONTROL ACCOUNT. An account in the general ledger of an accounting entity, in which account is recorded the aggregate of debit and credit postings to a number of identical or related accounts called subsidiary accounts. For example, the Unallotted Appropriation account in the general ledger is a control account supported by the total of individual balances in the subsidiary accounts of the Appropriation Ledger.

CURRENT. A term which, when applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future fiscal periods.

CURRENT ASSETS. Those assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities.

CURRENT EXPENSES. Charges for operations, maintenance, interest, and other objects of expenditure that are presumed to benefit the current fiscal year, but not future periods.

CURRENT LIABILITIES. Liabilities that are payable within a relatively short period of time, usually no longer than a year.

DEDICATED REVENUES. See APPROPRIATED RECEIPTS.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which initially recorded, but are carried as an asset pending amortization or other disposition.

DEFERRED CREDITS. Credit balances of items that will be spread over following accounting periods either as additions to revenue or as reductions of expenses.

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SECTION 903: GLOSSARY (cont'd.)

DEFICIT. The excess of the liabilities and reserves of an accounting entity over its assets. The excess of expenditures over revenues during an accounting period.

DELIVERY ADVICE. A document showing evidence of receipt of goods or services, such as a packing slip, a receiving tag, or an invoice copy serving as a receiving tag.

DEPARTMENT CODE. An integral part of the Uniform Accounting Code that is used to identify the various State departments, the Counties, the Legislature, and other agencies.

DEPRECIATION. The systematic and rational allocation of the cost of fixed assets over a specified period, such allocation representing the expiration in the service life of those assets due to wear and tear, lapse of time, obsolescence, or other physical or functional causes.

DIRECT EXPENSES. Those expenses that can be charged directly as a part of the cost of a product or service, or of a department or operating unit, as distinguished from overhead and other indirect costs that must be prorated among several products or services, departments, or operating units.

DIRECT LABOR. The specific, identified cost of labor expended in the production of goods or the rendition of services.

DIRECT MATERIALS. The specific, identified cost of materials that become an integral part of a manufactured product, or that are consumed in the performance of a service.

DOUBLE ENTRY. A system of bookkeeping that requires, for every entry made to the debit side of an account or accounts, an entry for a corresponding amount to the credit side of another account or accounts.

ENCUMBRANCE. Obligations in the form of purchase orders, contracts, or other such commitments that do not become liabilities until performance of the conditions stated in the commitment.

ENCUMBRANCE ADVICE. A form used to encumber amounts for which a purchase order is not issued. The form is generally used to encumber goods or services such as utilities, postage, rent, U-drive companies, formal contracts, etc. It is also used to adjust previously recorded encumbrances not adjusted thru normal purchase order routines.

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ENCUMBRANCE LEDGER. A subsidiary ledger in which are entered all transactions relating to the encumbrance of formal contracts, purchase orders, and other such commitments; it shows the amounts encumbered, payments made, adjusting entries, and the unliquidated encumbrance balance.

EQUIPMENT. Tangible personal property. All properties other than real properties are included under this general heading, including such things as fixtures, furniture, vehicles, books, and livestock.

ESTIMATED REVENUES. The amount of revenues estimated to be collected within a fiscal period to finance the State's operations.

ESTIMATED REVENUES REALIZED. The amounts of revenues realized.

EXPENDITURES. The cost of goods and services, including current operating expenses, capital outlays, and provision for debt retirement not reported as a liability of the fund from which retired. All such costs incurred, whether paid or unpaid, are expenditures, but encumbrances are never classified as expenditures.

FACE VALUE. As applied to securities, this term designates the value of the instrument as stated in the document itself.

FISCAL YEAR. A twelve-month period ending June 30.

FIXED ASSETS. Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

FORFEITURE. The automatic loss of cash, credits, or other property as a result of not complying with legal provisions.

FUNCTION. A group of related activities aimed at accomplishing a major service or regulatory program for which an organization is responsible. See ACTIVITY.

FUNCTION CODE. An integral part of the Uniform Accounting Code that is used to designate a group of related activities aimed at accomplishing a major service or regulatory program for which an organization is responsible.

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FUND. An independent accounting entity with a self-balancing group of accounts used as a means of exercising control over the resources of the government with respect to the special regulations, restrictions, and limitations imposed on such resources by the legislative or other creating authority.

FUND BALANCE. The excess of the assets of a fund over its liabilities and related reserves.

FUND CODE. An integral part of the Uniform Accounting Code that is used to designate the accounting entity into which an accounting entry is to be made.

GENERAL BONDED DEBT AND INTEREST GROUP OF ACCOUNTS. A self-balancing group of accounts used to record the liability for future payment of bond principal and interest.

GENERAL FIXED ASSETS GROUP OF ACCOUNTS. A self-balancing group of accounts used to record fixed assets owned by the State of Hawaii, regardless of the funds through which such assets were acquired.

GENERAL FUND. A self-balancing group of accounts used to account for all revenues, and the activities financed by them, which are not accounted for in another fund.

GENERAL LEDGER. A group of self-balancing accounts that provide, in summary form, information reflecting the State's financial condition and the results of its operations.

GENERAL OBLIGATION BONDS. Bonds for whose payment the full faith and credit of the issuing body are pledged. General obligation bonds are those that are repaid from taxes and other general fund revenues.

GOVERNMENTAL COST PAYMENTS. Operating, capital outlay, and other expenditures that decrease an asset without correspondingly increasing another asset or decreasing a liability. See also NON-GOVERNMENTAL COSTS.

GRANTS-IN-AID. A contribution by one governmental organization to another governmental organization.

IMPREST FUND. See PETTY CASH.

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SECTION 903: GLOSSARY (cont'd.)

INTERNAL AUDIT. An independent appraisal activity that: (a) determines the adequacy of the system of internal control; (b) verifies and safeguards assets; (c) checks on the reliability of the accounting and reporting system; (d) reviews, and appraises policies, plans, and procedures; and, (e) appraises performance of activities and work programs.

INTERNAL CONTROL. A plan of organization under which accounting records and procedures are so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. Under a system of internal control, records and procedures are properly documented, and the procedures call for appropriate authorization by designated officials for substantive actions taken.

INVESTMENT IN GENERAL FIXED ASSETS. An account in the General Fixed Assets Group of Accounts that represents equity in general fixed assets.

INVESTMENTS. Securities, real estate, and time deposits held for the production of income in the form of interest, dividends, rentals, or lease payments. See SECURITIES.

JOURNAL VOUCHER. A document of original entry used to record transactions not entered in standard registers. Adjustments to previously recorded entries, and opening and closing entries for the general ledgers, are among the entries recorded in the Journal Voucher.

JUDGMENT. An amount to be paid or collected as the result of a court decision; this includes condemnation awards paid for private property taken for public use.

LAND. Unimproved real property, including leaseholds of unimproved real property.

LAND IMPROVEMENT. A betterment or modification, other than buildings or other structures, enhancing unimproved real property. Included under this general heading are such things as landscaping, sprinkler systems, curbing, drains, streets, roads, highways, airport runways, and harbor dredging.

LAPSE. The termination of the remaining balance of an appropriation after a certain period of time has elapsed (as in the case of operating appropriations), or after the purpose for an appropriation has been fulfilled (as in the case of capital improvement project appropriations).

LEDGER. A group of accounts used to record financial transactions.

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SECTION 903: GLOSSARY (cont'd.)

LIABILITIES. Debt or other legal obligations that must be liquidated, renewed, or refunded at some future date.

LIQUIDATION. The payment of an obligation. An obligation or an encumbrance is considered liquidated when an audited vouchered claim is approved for payment and is entered in the Register of Audited Claims prior to the issuance of a warrant.

LOCATION CODE. An integral part of the Uniform Accounting Code that is used to designate the geographical area for which an expenditure is made.

LONG-TERM DEBT. Debt having a maturity date of more than one year after the date of issuance.

NON-GOVERNMENTAL COSTS. Expenditures of a non-operating nature that convert one asset to another or that decrease a liability, reserve, or clearing account. Examples of non-governmental cost payments are: purchase of items for resale, debt retirement, loans and advances, and transfers of funds.

NON-GOVERNMENTAL COSTS LEDGER. A subsidiary ledger in which are entered all transactions relating to expenditures for non-governmental costs. The subsidiary ledger is under control of the Non-Governmental Cost Expenditures account in the General Ledger.

NON-REVENUE RECEIPTS. Receipts that convert one asset to another or that increase a liability, reserve, or clearing account.

NON-REVENUE RECEIPTS LEDGER. A subsidiary ledger in which are entered all transactions relating to non-revenue receipts. The subsidiary ledger is under the control of the Estimated Non-Revenue Realized or the Estimated Appropriated Non-Revenue Realized accounts in the General Ledger.

OBJECT. As used in expenditure classification, the type of article purchased or service obtained, such as personal services, contractual services, materials, supplies, or equipment.

OBJECT CODE. An integral part of the Uniform Accounting Code that is used to identify the type of article purchased or service obtained.

OBLIGATIONS. Amounts that a governmental unit may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

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SECTION 903: GLOSSARY (cont'd.)

OBSOLESCENCE. The devaluation of fixed assets resulting from economic, social, technological, or legal changes.

OPERATING BUDGET. A budget that applies to all expenditures other than capital improvement project expenditures.

OVERHEAD. Those elements of cost necessary in the production of an article or the performance of a service which are of such a nature that the amount applicable to the product or service cannot be precisely determined. Usually overhead relates to those objects of expenditures that do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, or supervision.

PERSONAL SERVICES. A classification of expenditures for salaries and wages paid to employees and fees paid to consultants and other persons not in the employ of the State.

PETTY CASH. A sum of money set aside for the purpose of making change or paying small obligations for which the issuance of individual warrant vouchers and warrants would be excessively costly and time-consuming.

POST-AUDIT. An examination of an organization's records made after the transactions to be examined have been approved for recording by designated officials if such approval is required.

PRE-AUDIT. An examination of proposed financial transactions to assure that they are proper in meeting legal requirements and in representing appropriate charges to the organization.

PROJECT CODE. An integral part of the Uniform Accounting Code which may have a variety of uses; generally it identifies a specific job to which an expenditure relates. The project code may also be used to identify debtors, customers, collection agents, or other users of a program's services.

PROPRIETARY ACCOUNTS. Those accounts reflecting actual financial position and operations, such as actual assets, liabilities, reserves, fund balances, revenues, and expenditures, as distinguished from budgetary accounts. See BUDGETARY ACCOUNTS.

PURCHASE ORDER. A document authorizing the delivery of specified merchandise or the rendering of certain services, and the making of a charge for them.

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SECTION 903: GLOSSARY (cont'd.)

RECEIPTS. Cash received, unless otherwise qualified.

REFUND. An amount paid back or a credit allowed because of an over-collection or because of the return of an object sold.

REGISTER. A record for the consecutive entry of a certain class of events, documents, or transactions, with proper notations for all related and required information.

REGISTER OF AUDITED CLAIMS. A book of original entry providing a consecutive record of all audited claims. All approved Summary Warrant Vouchers are entered in this register.

REGISTER OF CASH DISBURSEMENTS. A book of original entry providing a consecutive record of disbursements made by the State Treasury for warrants issued by the State Comptroller.

REGISTER OF RECEIPTS. A book of original entry providing a consecutive record of all collections deposited in the State Treasury by the departments according to Treasury Deposit Receipts.

REIMBURSEMENT. Cash or other assets received as a repayment of the cost of work or services performed, or as repayment of other expenditures made for or on behalf of another party.

REQUEST FOR ALLOTMENT AND ALLOTMENT ADVICE. A combination form used to account for quarterly allotments as approved by the Director of the Department of Budget and Finance.

REQUEST FOR TRANSFER OF APPROPRIATIONS. A document used to transfer funds from one appropriation to another within a department or within a fund.

REQUISITION. A written request, usually to the purchasing officer for specified articles or services.

RESERVE. An amount recorded to segregate a portion of the fund balance for some future use, making such segregated amount unavailable for further appropriation or expenditure.

RESOURCES. The actual assets of a governmental unit, such as cash, taxes receivable, land, and buildings, plus contingent assets, such as estimated revenues applying to the current fiscal year not accrued or collected.

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SECTION 903: GLOSSARY (cont'd.)

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise.

REVENUE RECEIPTS. Receipts that increase an asset without correspondingly either decreasing another asset or increasing a liability, reserve, or clearing account.

REVENUE RECEIPTS LEDGER. A subsidiary ledger in which are entered all transactions relating to revenue receipts. The subsidiary ledger is under the control of the Estimated Revenues Realized account or the Estimated Appropriated Revenues Realized account in the General Ledger.

REVERSION. As used with regard to allotments, it is the act of returning unrequired balances of unencumbered allotments to the appropriation from which the allotments were made.

REVOLVING FUND. A fund established to finance and account for services and commodities furnished by a department or agency; generally the amounts expended from the fund are replenished through receipts derived from the activity, so that the original amount of the fund capital is kept intact.

SECURITIES. Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments held as investments. See INVESTMENTS.

SOURCE CODE. An integral part of the Uniform Accounting Code that is used to identify each type of receipt.

SPECIAL FUNDS. Funds used to account for revenues earmarked for particular purposes and from which expenditures are made for those purposes.

SPECIAL PURPOSE AND CONTINUOUS APPROPRIATIONS. An appropriation classification designating appropriations established for special purposes that may or may not have restrictions as to the period in which the funds appropriated must be expended or encumbered.

STATE TREASURY. The Finance Division of the Department of Budget and Finance, State of Hawaii.

STORES. Goods on hand subject to requisition and use.

SUBDIVISION CODE. An integral part of the Uniform Accounting Code that is used to identify organizational subdivisions within a department.

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SUBSIDIARY ACCOUNT. One of a group of related accounts that support in detail the debit and credit summaries recorded in a control account.

SUBSIDIARY LEDGER. A group of related accounts used to record the detailed information of a particular general ledger control account.

SUB-SOURCE CODE. A department's individual code optionally used in the function field of the Uniform Accounting Code for a subordinate source or type of receipt, arranged into logical groupings as approved by the Accounting Division of the Department of Accounting and General Services.

SUMMARY WARRANT VOUCHER. A form used for departmental certification of claims for payment by the Comptroller.

TAX RESERVE FUND. A revolving fund established by the Legislature from which refunds of taxes collected are made. Reimbursements to the Tax Reserve Fund are made from the collection of the respective taxes.

TRANSACTION CODE. An integral part of the Uniform Accounting Code that is used to categorize accounting entries according to groups that require a particular accounting treatment.

TREASURY DEPOSIT RECEIPT. A form prepared by a department or agency to deposit its cash collections with the State Treasury. When the deposit is acknowledged by the State Treasury, this form becomes a source document for entry into the Register of Receipts.

TRUST AND AGENCY FUNDS. A self-balancing group of accounts used to account for cash or other assets held as a trustee or an agent.

TRUST FUND LEDGER. A subsidiary ledger in which are entered all transactions relating to the Trust and Agency Funds. Each account in the Trust Fund Ledger shows the receipts, payments, and other entries affecting the account.

UNALLOTTED APPROPRIATION. That portion of an appropriation which is available for allotment.

UNAPPROPRIATED REVENUES. Revenues not specifically set aside for special purposes.

UNDEPOSITED CASH. Deposits in transit, including cash collected by departments and agencies in the current period that has not been deposited into or acknowledged by the State Treasury.

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UNENCUMBERED ALLOTMENT. That portion of an allotment not expended or encumbered.

UNIFORM ACCOUNTING CODE. A combination of codes consisting of ten fields designed to be used with accounting transactions to enable the summarization of financial information with a minimum amount of intermediate interpretation.

UNLIQUIDATED ENCUMBRANCES. Encumbrances that are outstanding and are to be liquidated.

UNVOUCHERED CLAIMS. Obligations or commitments that are not supported by vouchers, such as purchase orders.

VACATION TRANSFERS. Transfer of funds for accrued vacation credits earned by an employee transferring to a governmental organization to which the credits are transferable.

VOUCHER. A document that gives evidence to the propriety of a transaction.

WARRANT. A draft for the payment of money, drawn by the State Comptroller upon the Director of Finance, and payable on demand within a specified period.

YEAR CODE. An integral part of the Uniform Accounting Code that is used to identify an appropriation for control accounting purposes.